

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

APPLICATION OF PEOPLES RURAL TELEPHONE)	
COOPERATIVE CORPORATION, INC., FOR AN)	CASE NO. 8270
UPWARD ADJUSTMENT IN RATES AND CHARGES)	
FOR TELEPHONE SERVICE)	

O R D E R

IT IS ORDERED that Peoples Rural Telephone Cooperative Corporation shall file an original and five copies of the following information with the Commission, with a copy to the Attorney General's Division of Consumer Intervention, by August 28, 1981. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

Staff Request No. 1

1. Provide a copy of REA Form 479 for each month of the test period and the preceding 12 months and a copy of REA Form 479A for the periods ending December 31, 1979 and 1980. If Applicant does not complete these reports on a monthly basis provide the quarterly, semi-annual or annual reports for this period,

2. Provide an analysis of Account 675 - Other Expenses and Account 642 - Advertising. This data should be presented as shown in Format I, attached. Provide work papers (detail) in support of the analysis. As a minimum, the work papers should show the date, vendor, reference (i.e. voucher number, etc.),

dollar amount and brief description of each expenditure. With regard to Account 642, Advertising, the purpose as defined in 807 KAR 5:016E of each expenditure and the expected benefit should be shown.

3. Provide the amount of contributions for political purposes (in cash or services), if any.

4. Provide the following information with regard to uncollectible accounts for the test year:

- a. Reserve account balance at the beginning of the year.
- b. Charges to reserve account (accounts charged off).
- c. Credits to reserve account
- d. Current year provision.
- e. Reserve account balance at the end of the year.
- f. Percent of provision to total revenue.
- g. An explanation of the method used to calculate the annual uncollectible provision.

5. Provide a calculation of the rate or rates used to capitalize interest during construction for the test year and three preceeding calendar years, and include a narrative explanation of each component entering into the calculation of this rate.

6. a. If any changes were made in service charges during the test period, furnish detailed work papers showing revenue actually billed during the test year as service charges using test period units and end-of-test period rates with actual billed revenues.

b. Similarly show revenue adjustments for any other changes in rates or charges during the test period, due to base rate

area expansion, zone charges, exchange regrouping, etc.

7. a. Provide an explanation of the settlement contract(s) or method(s) used with South Central Bell and any other telephone company (name company or companies) to arrive at applicant's Kentucky intrastate and interstate test period toll revenues.

b. Provide the Traffic Agreement presently in use for settlement purposes.

c. Provide explanations of the method(s) used to divide total toll revenues (whether received through settlements or otherwise) into the intrastate and interstate portions, broken down into message toll, WATS, private line (B-1 and I-1 if appropriate), foreign exchange and any other items contributing to these portions.

d. Provide four copies of the toll settlement summary forms for each of the months beginning with the third month prior to the start of the test period and continuing up to the month of the filing of the rate case.

e. Provide a statement of concurrence from South Central Bell that the test period intrastate toll settlement revenue is correct giving dollar amounts for each major class of total service settled. If concurrence cannot be obtained, provide a detailed statement of differences.

8. a. Provide the status of all intrastate toll settlements, by major class of toll service, with South Central Bell that were pending at the beginning and at the end of the test period that would affect the test period intrastate toll revenues. Indicate the finality of these settlements with South Central Bell, and if they

are not final, give the expected amounts and the expected dates they will be finalized. These amounts are to be reconciled with book entries including amounts accrued for anticipated future settlement adjustments.

b. Provide written explanations with appropriate work papers of each change or adjustment in intrastate toll settlements which was booked during the test period, but was applicable to settlements outside the test period and which was booked outside the test period, but was applicable to settlements covering portions of the test period.

c. Provide any other information the applicant deems necessary to explain the debits and credits to its toll revenues in order to arrive at a representative level of end-of-test period intrastate toll revenues.

9. Provide a copy of the Company's current by-laws.

10. Provide details of the Company's policies regarding assignment, accumulation, and disbursement of patronage capital.

11. Provide a schedule of all charitable, social, or community contributions during the test period along with the account charged for each item.

12. Provide a schedule of all industry association and club dues for the test period along with the account charged for each item.

13. Provide the dollar amount of employee concession telephone service for the twelve (12) months of the test year as shown in Format II, attached. Include a narrative explanation of the

company's policies concerning these concessions rates.

14. In comparative form, an income statement, a statement of changes in financial position, and a balance sheet for the test year and the twelve month period immediately preceding the test year.

15. A copy of the auditor's report from your most recent audit.

16. A schedule of salaries and wages for the test year and each of the five calendar years preceding the test year as shown in Format III, attached.

17. Provide the utility's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Electrification Administration, for the test year and the five preceding calendar years. Include the data used to calculate each ratio.

18. Provide the utility's rate of return on net investment rate base for the test year and five preceding calendar years.

19. The estimated dates for draw down of unadvanced loan funds at test year-end and the proposed uses of these funds.

20. The board resolution approving the January 1, 1981, general wage adjustment of 8.5%.

21. Provide, in comparative form, end-of-period account balances for all plant accounts for the test year and the three preceding calendar years.

22. Provide details of the proposed new loan from REA of \$2,064,000.

23. Please state the considerations made by Peoples Rural Telephone Cooperative in determining a fifteen year amortization period for extraordinary retirements.

24. Provide a summary of the proposed construction.
Done at Frankfort, Kentucky this 5th day of August, 1981.

PUBLIC SERVICE COMMISSION

Maclain M. Voth
Chairman

ATTEST:

Secretary

Peoples Rural Telephone Cooperative Corporation, Inc.

Case No. 8270

KENTUCKY COMBINED OPERATIONS
ACCOUNT 642 - ADVERTISING
FOR THE TEST YEAR ENDING December 31, 1980

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Sales</u> <u>Advertising</u> <u>(b)</u>	<u>Institutional</u> <u>Advertising</u> <u>(c)</u>	<u>Rate</u> <u>Case</u> <u>(d)</u>	<u>Total</u> <u>(e)</u>
1.	Newspapers and periodicals				
2.	Booklets and pamphlets				
3.	Bill inserts				
4.	Displays, exhibits, posters, and placards				
5.	Motion pictures				
6.	Radio				
7.	Television				
8.	Salaries and wages				
9.	Other advertising				
10.	Other expenses				
11.	Total				

Peoples Rural Telephone Cooperative Corporation, Inc.

Case Number 8270

KENTUCKY COMBINED OPERATIONS
SUMMARY OF ACCOUNT NO. 675 - OTHER EXPENSES
FOR THE TEST YEAR ENDING December 31, 1980

<u>Line</u> <u>No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1.	Valuations, inventories, and appraisals	
2.	Business Information System (BIS) expense	
3.	Purchase of employees service emblems	
4.	Membership fees and dues	
5.	Directors' fees and expenses	
6.	Printing Annual Report	
7.	FCC Filing and Grant Fees	
8.	Company apportioned amounts for various items	
9.	Other items (itemize)	
10.	-	
11.	-	
12.	Total	

COMMONWEALTH OF KENTUCKY

Peoples Rural Telephone Cooperative Corporation, Inc.

Case No. 8270

EMPLOYEE CONCESSION TELEPHONE SERVICE
TEST YEAR ENDING December 31, 1980

	No. of People	Local		Toll	
		Main Stations	Other Services	Intrastate	Interstai

entucky Revenue Loss

General Office Personnel
(By percentage allowance)

\$ \$ \$ \$

Kentucky Operations
(By percentage allowance)

Affiliated Company Employees
(By percentage allowance)

Allowance Provided Employees
Served by Other Telephone
Companies

Retired and Disabled Employees
(By percentage allowance)

Other

Commonwealth of Kentucky
Peoples Rural Telephone Cooperative Corporation, Inc.
Case No. 8270

ANALYSIS OF SALARIES AND WAGES CHARGED TO EXPENSE
TEST YEAR ENDING December 31, 1980

Line No.	Item (a)	12 Months Ended					Test Year (g)
		Calendar Years 5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	
1	Maintenance	\$	\$	\$	\$	\$	\$
2	Traffic						
3	Commercial						
4	Revenue Accounting						
5	General Office and Administrative Salaries:						
6	(a) Executive Department						
7	(b) Accounting Department ^{A/}						
8	(c) Treasury Department						
9	(d) Law Department						
10	(e) Other General Office Salaries						
11	(f) General Office and Administrative Salaries allocated to Kentucky						
12	Total General Office Administrative Salaries (Line 6 thru 11)						
13	Total Salaries and Wages Charged Expense (Lines 1 thru 4 + Line 12)						
14	Construction						
15	Total Salaries and Wages	\$	\$	\$	\$	\$	\$

^{A/} Excluding Revenue Accounting Salaries and Wages